



Stay The Course: Jobs Before More Housing

Posted by **Pierluigi Oliverio** on Monday, November 24, 2008

Last week, the City Council voted to direct planning staff to explore how San Jose could build more housing in North San Jose (possibly even exceeding the cap which would go against the incremental plan laid about by the North San Jose vision). The vision for North San Jose has included some housing next to jobs so we could allow the opportunity for people to live close to their work while allowing for intensification of commercial and industrial that would allow San Jose to acquire more jobs which equal more revenues to pay for our core city services.

I blogged on the North San Jose plan back on April 30, 2007:
http://www.sanjoseinside.com/sji/blog/entries/taller_buildings_equal_bigger_parks_in_north_san_jose/

North San Jose is the Golden Goose of our Redevelopment Agency (RDA). The tax increment financing that comes out of this area funds our Downtown projects, a community center in Edenvale, road paving for SNI areas and gang intervention programs, among others. When property is developed in this area and the assessed value rises, the RDA receives that extra money to provide for those items I listed above.

The North San Jose plan is mostly industrial land conversion. I have nervously voted yes to convert land there because there is a plan in place that limits the number of housing units by waiting for equal amounts of commercial development which equals job growth. Its even more important to wait now that the economy has gone sour and job growth is retracting. Also, because the housing market is at it worst condition in the last 50 years, the 7,000 plus housing units we have approved may wait since they cannot get financing. (Yet, another reason to not mandate inclusionary affordable housing on Dec 9th when the housing industry is in a depression).

So here is the dilemma, in my opinion, there are others developers beyond the cap who would like to build housing now because they

have financing. They want the council to allow for additional land to be converted from industrial to housing before the jobs come.

This is wrong.

San Jose always builds housing far and above any other Bay Area city. These decisions lead us be continually broke; and in my opinion have played a part in our current budget deficit. We need to be patient and wait for the job growth to happen. If we convert industrial land then San Jose's greatest asset, tax generating land, is lost forever. This is why I voted no on this item. Instead, I would rather direct planning staff to find ways to increase revenue for the city.

Now remember my Golden Goose reference above? When we develop land in an RDA zone, that added tax increment money goes to RDA to fund all those nice projects the community wants. Even if residential development is done in North San Jose it increases the value of the land and therefore money to RDA. However, for example, if we decide to allow 100% affordable housing projects that are done through a non-profit they pay no property tax. Therefore RDA receives nothing therefore less projects that residents want citywide. Plus affordable housing does not pay park fees or provide land for parks which is an important part of creating a livable community in North San Jose.

So we need to watch what we as a council approve because it has ramifications to financial well being for all of San Jose.

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